

Message Text

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ACTION FBOE-00

INFO OCT-01 AF-08 ISO-00 A-01 L-03 /013 W
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R 151026Z DEC 76
FM AMEMBASSY MASERU
TO SECSTATE WASHDC 6536
INFO AMEMBASSY GABORONE

UNCLAS MASERU 1556

GABORONE FOR AO/BLS

E.O. 11652: N/A
TAGS: ABLD, LT
SUBJECT: PROPOSED SUPPLEMENTAL AUTHORIZATION AND APPROPRIATION TO
ACQUIRE OR CONSTRUCT RESIDENTIAL BUILDINGS TO AVOID EXORBITANT
RENTS

REF: STATE 286895

EMBASSY MASERU'S RESPONSE TO REFTEL FOLLOWS. DUE TO SITUATION RE
AVAILABILITY OF HOUSING IN MASERU, FORMAT REQUESTED IS NOT
FOLLOWED.

1. LEASE NO. S-58-FBO-32 FOR IRO RESIDENCE DUE FOR RENEWAL JUNE
1977. RENT PRESENTLY BEING PAID IS \$2953. IN LINE WITH OTHER
RECENTLY RENEGOTIATED LEASES, ANTICIPATE APPROX 121 PERCENT
INCREASE. HOUSE OFFERED FOR SALE TO EMBASSY 1974 FOR \$49,000 (SEE
74 GABORONE 796). NO RESPONSE THIS PROPOSAL RECEIVED FROM DEPT.
EMBASSY PLANS CONSULT WITH LANDLORD AFTER NEW YEAR. HOWEVER, IF
OFFER TO SELL STILL STANDS, EXPECT SUBSTANTIAL INCREASE IN ASKING
PRICE. HOUSE IN VERY DESIRABLE LOCATION ADJACENT TO EMBASSY
PROPERTY. HOUSE WAS BUILT BY LANDLORD FOR EMBASSY TO EMBASSY
SPECIFICATIONS.
2. DURING RECENT NEGOTIATIONS ON RENEWAL OF LEASES ON CHARGE
RESIDENCE (LEASE NO. S-58-FBO-25) AND PAO RESIDENCE (LEASE NO.
S-58-FBO-29IA), LEASE/PURCHASE PROPOSED. LANDLORD CATEGORICALLY
REFUSED CONSIDER MATTER. STATED WAS VERY DESIRABLE (READ LUCRATIVE)
INVESTMENT PROPERTY WHICH HE AND PARTNERS WISHED RETAIN. HOWEVER,
IN LIGHT PROPOSAL REFTEL, WILL AGAIN APPROACH LANDLORD WITH
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PROPOSAL BUY OUTRIGHT. BOTH HOUSES IN VERY DESIRABLE LOCATIONS

AND WERE ALSO BUILD FOR EMBASSY TO EMBASSY SPECIFICATIONS. RENTS PRESENTLY BEING PAID FOR CHARGE AND PAO RESIDENCE ARE \$12,443.76 AND \$10,992 RESPECTIVELY ANNUALLY FOR FIVE YEAR PERIOD.

3. THE ADMINISTRATIVE SPECIALIST'S RESIDENCE, LEASE NO. 5507-731006, IS A LEASE/PURCHASE AGREEMENT FOR PERIOD OF SIX YEARS AND THREE MONTHS, EXPIRING 31 DEC 1980, FOR A TOTAL PAYMENT OVER LEASE PERIOD OF \$46,010. TOTAL RENT PAID DURING LEASE PERIOD WILL CONSTITUTE PURCHASE PRICE LESS CERTAIN ADMINISTRATIVE COSTS PAID BY LESSOR. IF EMBASSY HAD BEEN AUTHORIZED OUTRIGHT PURCHASE AT TIME OF ACQUISITION, PURCHASE PRICE WOULD HAVE BEEN \$28,805. SINCE HOUSE WAS IN VERY BAD CONDITION AT TIME OF ACQUISITION, EMBASSY HAS TO DATE SPENT APPROXIMATELY \$15,000 IN RENOVATIONS AND IMPROVEMENTS. HOUSE IS ONLY TWO BEDROOM, ONE BATH, WITH DETACHED ONE ROOM AND BATH GUEST COTTAGE. PRESENT OCCUPANT, WITH TWO CHILDREN, USING WHAT SHOULD BE DINING ROOM AS THIRD BEDROOM. IT IS PLANNED, AND FUNDS INCLUDED IN CURRENT FY BUDGET SUBMISSION, TO CONSTRUCT MASTER BEDROOM BETWEEN MAIN HOUSE AND GUEST COTTAGE, CONNECTING COTTAGE TO HOUSE, MAKING HOUSE FOUR BEDROOM, THREE BATH, ALONG WITH OTHER ADDITIONS AND IMPROVEMENTS. THIS PROJECT WILL COST APPROX ANOTHER \$20 TO \$25,000. AT TIME OF ACQUISITION WAS ONLY HOUSE AVAILABLE IN MASERU.

4. EARLY THIS YEAR, WHEN EMBASSY ADVISED OF ALLOCATION OF NEW C & R POSITION, IMMEDIATELY BEGAN SEARCH FOR HOUSING. AT TIME ABSOLUTELY NO HOUSING ANY KIND AVAILABLE. CONSULTED WITH LOCAL ENTREPRENEUR ON POSSIBILITY OBTAINING ALLOCATION OF LAND FROM GOVERNMENT FOR CONSTRUCTION OF HOUSE. QUOTATION OF \$73,740 FOR CONSTRUCTION SUPPLIED. PROPOSAL OF ANNUAL RENT OF 321,022 FOR EIGHT YEARS WITH OPTION TO PURCHASE SENT DEPT (MASERU 1059). PRIOR RECEIPT DEPT RESPONSE, EMBASSY APPROACHED BY OFFICIAL OF LESOTHO EMBASSY IN WASHINGTON ON LEAVE IN MASERU WITH PROPOSAL LEASE HOUSE HE WAS CONSTRUCTING. WITH DEPT ASSISTANCE NEGOTIATIONS CONCLUDED AND LEASE NO. MU-5507-731004 SIGNED 1 DEC 1976 FOR \$5,530.56 PER YEAR FOR THREE YEARS. MEANWHILE DEPT RESPONDED FAVORABLY TO PROPOSAL CONTAINED MASERU 1059 (STATE 244343). SINCE HOUSE ADEQUATE ONLY FOR COUPLE OR COUPLE WITH ONE OR TWO VERY SMALL CHILDREN AND IN ANTICIPATION POSSIBLE REQUIREMENT MORE SPACIOUS QUARTERS IN FUTURE, EMBASSY, IN MASERU 1127, REQUESTED THAT PROPOSAL FOR CONSTRUCTION NOT BE CANCELLED BUT HELD IN UNCLASSIFIED

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ABEYANCE UNTIL APPROX ONE YEAR PRIOR CONCLUSION OF TOUR INCUMBENT C&F OFFICER IN 1979. HOWEVER, EMBASSY ANTICIPATES SUBSTANTIAL INCREASE IN COST OF CONSTRUCTION AT THAT TIME.

5. ALL LAND IN LESOTHO BELONGS TO THE NATION AND CANNOT BE OWNED BY ANY INDIVIDUAL. APPLICATION FOR ALLOCATION OF DESIRED SITES MUST BE MADE TO MINISTRY OF INTERIOR. EMBASSY HAS BEEN INFORMED BY MINISTRY THERE SEVERAL SITES AVAILABLE FOR ALLOCATION THAT

WOULD BE SUITABLE FOR CONSTRUCTION OF EMBASSY RESIDENCES.
INQUIRIES MADE OF VARIOUS ARCHITECTS AND BUILDERS HAVE ELICITED
ESTIMATES FOR COST OF CONSTRUCTION RANGING FROM \$52,000
TO \$87,000, DEPENDING ON SIZE OF HOUSE AND GREED OF INDIVIDUAL
SUPPLYING INFORMATION. ARCHITECTS FEES ARE USUALLY TEN PERCENT OF
TOTAL COST. CONSTRUCTION COMPANY OWNERS STATE THERE ANNUAL
INFLATION RATE OF APPROX 20 PERCENT IN COST OF CONSTRUCTION
MATERIALS.

6. AS STATED PARA 1, RECENT LEASE RENEWALS REPRESENTED 121
PERCENT INCREASE IN RENTAL PAYMENTS. LANDLORDS FULLY AWARE THAT,
UNLESS EMBASSY CONSTRUCTS OWN HOUSES, THERE NOWHERE ELSE WE CAN
GO AND THE SKY IS THE LIMIT ON WHAT THEY CAN ASK FOR AND GET.
EMBASSY HAS LONG FELT ONLY SOLUTION TO SPIRALING COST OF HOUSING
AND AVARICE OF LOCAL LANDLORDS IS TO CONSTRUCT OWN HOUSING.
PRICE

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